

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.

FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/2/09

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**University of New Orleans**  
**Research and Technology Foundation, Inc.**  
New Orleans, Louisiana

We have audited the accompanying statement of financial position of the **University of New Orleans Research and Technology Foundation, Inc.** (a non-profit organization) as of June 30, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended June 30, 2008. These financial statements are the responsibility of the management of the **University of New Orleans Research and Technology Foundation, Inc.** Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **University of New Orleans Research and Technology Foundation, Inc.** as of June 30, 2008, and the changes in its net assets, and its cash flows for the year then ended June 30, 2008 in conformity with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
**University of New Orleans**  
**Research and Technology Foundation, Inc.**  
New Orleans, Louisiana  
Page 2

In accordance with Government Auditing Standards, we have also issued a report dated August 22, 2008 on our consideration of the **University of New Orleans Research and Technology Foundation's, Inc.** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included in the report (shown on page 24) is presented for the purpose of additional analysis and is not a required part of the financial statements of **University of New Orleans Research and Technology Foundation, Inc.** Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respect in relation to the financial statements taken as a whole.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

August 22, 2008



**UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2008**

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**ASSETS**

**Current Assets**

Cash and equivalents	\$ 2,837,418
Investments	5,962,978
Accounts receivable, net	5,301,651
Other current assets	<u>465,265</u>
Total current assets	<u>14,567,312</u>

**Non-current Assets**

Investments – bond funds	3,140,808
Property and equipment, net of accumulated depreciation of \$33,755,807	103,044,410
Prepaid bond insurance, net	567,286
Cost of bond issuance, net	492,772
Non-current receivables	<u>41,696</u>
Total non-current assets	<u>107,286,972</u>

Total assets \$ 121,854,284

**LIABILITIES**

**Current Liabilities**

Accounts payables and accrued liabilities	\$ 7,497,460
Deferred revenues	3,070
Amounts held in custody for others	42,717
Interest payable	1,023,728
Notes payable, current	180,339
Bonds payable, current	135,000
Other liabilities	<u>24,714</u>
Total current liabilities	<u>8,907,028</u>

**Non-current liabilities**

Bonds payable, long-term	38,365,000
Premium on sale of bonds	1,353,761
Notes payable, long term	<u>7,220,760</u>
Total non-current liabilities	<u>46,939,521</u>

Total liabilities 55,846,549

**NET ASSETS**

Unrestricted-invested in capital assets, net of related debt	55,789,550
Unrestricted	<u>10,218,185</u>
Total net assets	<u>66,007,735</u>

Total liabilities and net assets \$ 121,854,284

The accompanying notes are an integral part of these financial statements.

**UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008**

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**Revenues and Support:**

Investment earnings	\$ 418,478
Grants and contracts	7,117,589
Property operation (NOTE 13)	4,176,686
Other revenues	<u>5,185,897</u>

Total unrestricted revenues and other support	<u>16,898,650</u>
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**Expenses:**

Amounts paid to benefit University of New Orleans for:

Projects specified by the Board of Directors

Program Services:

Grants and contracts	3,540,541
Property operations	3,907,064
International programs	577,732
Student housing	<u>1,943,845</u>

Total program services	<u>9,969,182</u>
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Supporting services:

Salaries and benefits	143,118
Travel	5,602
Professional services	472,800
Depreciation	2,745,221
Other	<u>403,076</u>

Total supporting services	<u>3,769,817</u>
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Total expenses	<u>13,738,999</u>
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Increase / (decrease) in unrestricted net assets	3,159,651
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Net assets at beginning of year	<u>62,848,084</u>
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Net assets at end of year	\$ <u>66,007,735</u>
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The accompanying notes are an integral part of these financial statements.

**UNIVERSITY OF NEW ORLEANS**  
**RESEARCH AND TECHNOLOGY FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Management International and General Programs	NCAM Equipment	Research and Technology Park	Building 1	ITC	Advanced Technology Center	Center for Energy Resource Management	Student Housing	Technology Transfers/ Grants and Contracts	Total
Travel/mileage	\$ 5,602	\$ 99,780	\$ 1,786	\$ -	\$ 474	\$ 628	\$ 2,666	\$ 73	\$ -	\$ 124,533
Advertising	-	30,167	-	-	-	-	-	-	-	30,167
Amortization and depreciation	2,745,221	-	-	-	-	-	-	63,967	-	2,809,188
Interest expense	-	-	-	-	-	561,758	-	1,874,878	-	2,436,636
Rentals and leases	24,518	105,856	-	76,252	255,548	65,471	-	-	775	528,420
Membership dues	3,068	-	-	-	1,789	846	120	-	332	6,155
Telephone	10,567	281	-	-	3,635	1,813	-	-	2,779	19,075
Supplies and services	3,048	11,146	104	-	3,440	80	118	-	2,551	20,497
Equipment	7,666	31,717	-	-	-	10,237	-	-	630	50,250
Accounting and auditing fees	32,523	2,069	-	-	-	-	-	-	-	34,592
Salary expense	143,118	-	-	14,233	233,085	40,012	49,832	-	33,883	514,163
Cultivations/donations	1,500	56	-	-	-	-	-	-	10,150	11,706
Legal fees	66,131	-	-	-	-	-	-	-	63,296	129,427
Contract services	374,146	157,533	-	11,740	47,427	6,092	18,843	-	2,999,750	3,618,797
Fees and registrations	4,647	1,142	-	30,000	119,854	23,500	31,352	5,000	353,884	575,379
Official functions	53,270	117,836	-	-	-	-	-	-	10,236	181,342
Transfer to University/affiliates	204,030	-	-	-	-	-	-	-	3,750	207,780
Contract cleaning	-	-	-	7,488	284,355	41,185	85,060	-	-	418,088
Repairs and maintenance	79,008	4,425	-	61,670	110,158	96,859	126,364	-	-	665,777
Security	-	-	-	2,769	614,868	4,869	7,055	-	-	784,321
Utilities	-	-	-	147,826	65,260	176,973	5,030	-	-	488,125
Other expenses	11,754	15,724	-	-	2,425	8,896	781	-	45,001	84,581
Totals	\$ 3,769,817	\$ 571,732	\$ 88,798	\$ 352,452	\$ 1,742,472	\$ 1,041,257	\$ 324,628	\$ 1,943,845	\$ 3,540,541	\$ 13,738,999

The accompanying notes are an integral part of these financial statements.



UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2008

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Cash Flows from Operating Activities

Change in net assets	\$ 3,159,651
Adjustments to reconcile change in net assets to net cash	
Provided (used) by operating activities:	
Depreciation expense	2,745,221
Amortization of bond premium	(46,681)
Decrease in amortization expense	(8,525)
(Increase) decrease in accounts and grants receivable, net	(4,492,204)
(Increase) decrease in non-current receivables	(41,696)
(Increase) decrease in other assets	(463,765)
Increase (decrease) in prepaid bond insurance	19,900
Decrease in cost of bond issuance	25,810
Increase (decrease) in payables and other liabilities	6,738,479
Increase (decrease) in interest payable	(113,967)
Increase (decrease) in amounts held in custody for others	(15,437)
Increase (decrease) in notes payable	13,971
Increase (decrease) in other liabilities	5,371
Decrease (increase) in note payable	<u>(95,409)</u>
Net cash provided by operating activities	<u>7,430,719</u>

Cash Flows Used in Investing Activities

Purchase of fixed assets	(19,918,067)
Purchase of investments	(1,625,861)
Proceeds from sales and maturities of investments	<u>16,402,181</u>
Net cash used in investing activities	<u>(5,141,747)</u>
Net increase (decrease) in cash and cash equivalents	<u>2,288,972</u>
Cash and cash equivalents at the beginning of the year	<u>548,446</u>
Cash and cash equivalents at the end of the year	<u>\$ 2,837,418</u>

The accompanying notes are an integral part of these financial statements.

**UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - ORGANIZATION:**

The University of New Orleans Research and Technology Foundation, Inc. (the Foundation) was organized on March 3, 1997 as a non-profit organization to accomplish the following purposes:

- A. As its principal purpose, to support any and all appropriate programs, facilities and research and educational opportunities offered by the University of New Orleans (the "University") and the Louisiana State University System ("the LSU System");
- B. To promote and support the well-being and advancement of the University and all the colleges, schools, departments, and divisions comprising it, and to develop, expand, and improve the University's curricula, programs, and facilities so as to provide greater educational advantages and opportunities; encourage teaching, research, scholarship, and service, and increase the University's benefits to the citizens of the State of Louisiana, the United States of America and the world;
- C. To engage in scientific research carried on for the purpose of aiding a community or geographical area by attracting new industry to the community or area or by encouraging the development of or retention of, an industry in the community or area;
- D. To promote the development of high technology industries and research in Louisiana;
- E. To create, develop, construct, operate, manage and finance one or more research and technology parks, technology enterprise centers and other facilities and operations which promote development of research, development and high technology in Louisiana;

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - ORGANIZATION, CONTINUED:

- F. To increase employment opportunities in Louisiana;
- G. To promote research and development in Louisiana;
- H. To promote cooperation between the public and private sector with respect to research and development;
- I. To attract nationally prominent scientists and researchers to the University;
- J. To maximize research capabilities in Louisiana;
- K. To solicit and accept, whether by way of outright, limited or conditional gifts, grants and bequests, in trust or otherwise, donations of all kinds, including property, both real and personal, whether principal or income, tangible or intangible, vested or contingent, for the purpose of providing funds or property for the general purposes of the corporation and for research, instructional activities, scholarships, public service activities, and such other designated benefits for the University and its faculty, staff and students as may be prescribed by donors or testators to the corporation;
- L. To exercise all such powers and authority as may be necessary for the accomplishment of the objects and purposes herein set forth and to do any and all other things related to or connected therewith which are not forbidden by law.

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Accounting

The financial statements are prepared in accordance with generally accepted accounting principles and are prepared on the accrual basis. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Reporting

SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories (i.e. unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) according to externally (donor) imposed restrictions.

A description of the three (3) net asset categories is as follows:

- Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of **the Foundation** are included in this category. **The Foundation** has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of **the Foundation**, and therefore, **the Foundation's** policy is to record these net assets as unrestricted. Also, **the Foundation** considers the revenues received from the Cooperative Endeavor Agreements (the Agreements) to be exchange transactions, since each party to the Agreements receive and sacrifice something of approximately equal value.

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Basis of Reporting, Continued

- Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor imposed restrictions have not been met.
- Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed restrictions.

At June 30, 2008, **the Foundation** had \$66,007,735 in unrestricted net assets, of which \$55,789,550 was invested in capital assets, net of related debt. There were no temporary or permanently restricted net assets.

Fixed Assets

Fixed assets are stated at cost, if purchased, or at fair market value at the date of the gift, if donated. Depreciation of the buildings and office furniture and equipment is provided using the straight-line method over the estimated useful life of the fixed assets which is forty (40) and five (5) years, respectively. Equipment acquired under capital leases are depreciated over the life of the equipment which is five (5) years.

Cash Equivalents

For purposes of the Statement of Cash Flows, **the Foundation** considers all investments purchased with a maturity of three months or less to be cash equivalents.

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Deferred Charges/Deferred Reimbursement

Deferred charges represent software and labor costs incurred for the installation of the data processing equipment. Deferred reimbursements represent amounts received from a third party for the reimbursement of aforementioned deferred charges. Such costs and reimbursements are being amortized over five years.

Bond Issuance Costs

Bond issuance costs incurred in relationship to the bond indebtedness has been capitalized and amortized over the life of the bond liability which range from two years to thirty years. Amortization expense for the year ended June 30, 2008 totaled \$17,286.

Note Payable

During the year ended December 31, 1999, **the Foundation** received a non-interest bearing loan in the amount of \$1,500,000 . The present value concept was utilized to determine the initial amount of the discount (\$1,011,313) which is amortized over the life of the loan utilizing the interest method. The balance of the discount at June 30, 2008 totaled \$369,445.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - COOPERATIVE ENDEAVOR AGREEMENTS:**

University of New Orleans/  
Avondale Maritime Technology Center of Excellence

General

On May 16, 1997, the State of Louisiana (the State), the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (the University), the **University of New Orleans Research and Technology Foundation, Inc. (the Foundation)**, and Avondale Industries, Inc. entered into a Cooperative Endeavor Agreement (the Agreement) for an initial term of fifteen years, and from one-to-seven additional five year periods.

The Agreement and related amendment provided for the use of annually appropriated State funds and the corporate guarantee by Avondale of certain financial obligations incurred by **the Foundation** for the purpose of enhancing or maintaining the economic well-being of the State of Louisiana. As a material inducement to the State to enter into the Agreement, Avondale represented that it was awarded a contract for the construction of certain U. S. Department of Navy vessels which will provide a substantial economic benefit to the State. **The Foundation** and Avondale represented that the economic benefit occurring as a result of the payment or performance of the State's obligation will equal or exceed the value of the State's obligations.

Obligations

Avondale donated certain property to the University which is leased to **the Foundation** pursuant to the terms of a Ground Lease. A ship design facility (Facility); including a laboratory and support area for the UNO School of Naval Architecture and Marine Engineering, has been built on such property by **the Foundation** and is sub-leased to Avondale. Also, **the Foundation** has equipped the Facility and leased such equipment to Avondale.

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 3 - COOPERATIVE ENDEAVOR AGREEMENTS, CONTINUED:

University of New Orleans/  
Avondale Maritime Technology Center of Excellence, Continued

Obligations, Continued

Avondale agreed that it will utilize the Facility for the design and construction of vessels pursuant to the Navy LPD-17 Contract and other contracts. Furthermore, Avondale agrees that it will provide support to the University of New Orleans School of Naval Architecture and Marine Engineering by providing to the University a Right of Use of space constituting 21,000 square feet in the Facility subleased by Avondale from **the Foundation**.

National Center for Advanced Manufacturing/  
NASA Facilities Modifications and Equipment Acquisition

General

Effective July 15, 2007, the State of Louisiana (the State), the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (the University), the **University of New Orleans Research and Technology Foundation (the Foundation)**, and the National Aeronautics and Space Administration's George C. Marshall Space Flight Center (NASA) entered into a Cooperative Endeavor Agreement (the Agreement) for an initial term of ten years with options for four additional five year periods.

The Agreement provides for the use of a State appropriation to fund an approximately \$20 million expansion of the University's National Center for Advanced Manufacturing (NCAM), located in NASA's Michoud Assembly Facility in New Orleans (MAF), to include the purchase of new equipment by the State and the completion of facilities modifications made by **the Foundation** to MAF to accommodate installation and operation of the new equipment.



UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 3 - COOPERATIVE ENDEAVOR AGREEMENTS, CONTINUED:

National Center for Advanced Manufacturing/  
NASA Facilities Modifications and Equipment Acquisition, Continued

General, Continued

The NCAM collaboration was established to strengthen the competitiveness of the United States of America in aerospace and other commercial markets that require large structures manufacturing. NASA intends to implement programs at MAF that will result in the growth of jobs at MAF, and the growth in the local and State economy resulting in an economic benefit exceeding the value of the State's obligations. The expanded use of MAF by NASA, its contractors, the University and the **Foundation** will further research and development initiatives, educational opportunities and production work on NASA's planned Orion Crew Exploration Vehicle, Ares Crew Launch Vehicle and related projects (the Orion Project).

Obligations

NASA will provide physical and operational access to MAF for use by NCAM and other users and provide routine maintenance and repair of the MAF building and new equipment as necessary. NASA agrees to use reasonable efforts to perform substantial work at MAF on the Orion Project. In the event the costs of the project exceed the State appropriation, NASA agrees to use its reasonable efforts to obtain other funds as required to complete the project.

The University will accept title to the new equipment purchased by the State and seek cooperative opportunities with NASA and the private sector and coordinate education, research, skills training and related activities for academic entities desiring to use NCAM and the new equipment.

**The Foundation** will arrange for the design and construction of the MAF facilities modifications to support the installation of the new equipment. **The Foundation** will also manage the use of the new equipment, and shall enter into agreements with other entities as necessary for the use of NCAM and the new equipment.

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 3 - COOPERATIVE ENDEAVOR AGREEMENTS, CONTINUED:

National Center for Advanced Manufacturing/  
MAF Research and Development Administration Building

General

On December 18, 2007, the State of Louisiana (the State), the **University of New Orleans Research and Technology Foundation (the Foundation)**, and the National Aeronautics and Space Administration's George C. Marshall Space Flight Center (NASA) entered into another Cooperative Endeavor Agreement (the CEA) for a period of thirty (30) years.

The CEA provides for the use of State funds to pay approximately \$40 million of project costs associated with the planning, design, construction and equipping of a new NASA Research and Development Administration Building (the Building) to be built at MAF. The Building will be used collaboratively by the **Foundation** and NASA for research and development administration, production work on the Orion Project, education, training and related matters for NASA, its contractors, the University, other Federal and State agencies, other higher educational institutions and private industry. The additional investment from this CEA will retain critical research and engineering skills and capacity in Louisiana necessary to support NASA's mission, attract high technology companies and provide educational and training opportunities generally improving the State's economy and recovery of the New Orleans Metropolitan area from Hurricane Katrina.

Obligations

The **Foundation** will use the funds provided by the State for the planning, design, acquisition, construction and equipping of the Building. NASA will operate and maintain the Building and use approximately 70% of the square footage for its programs. The **Foundation** will manage the use by the University and commercial entities of the remaining square footage of the Building. Commercial users will pay their pro-rata share of the Building maintenance and operating costs to NASA. The **Foundation** will retain title to the Building, furniture, fixtures and equipment during the term of the CEA.

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 4 - INCOME TAXES:

The Foundation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 5 - FIXED ASSETS:

Fixed assets consist of the following at June 30, 2008:

<u>Description</u>	<u>Balance</u> <u>06/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/08</u>
Land improvements	\$ 258,573	\$ -0-	\$ -0-	\$ 258,573
Building-Pontchartrain Hall	-0-	35,936,788	-0-	35,936,788
Building-Avondale	12,754,737	-0-	-0-	12,754,737
Building and Parking Garage-ITC	56,323,276	18,395	-0-	56,341,671
Building-Advanced Technology Center	9,004,555	-0-	-0-	9,004,555
Construction-in-Progress	21,305,097	19,893,808	35,936,788	5,262,117
Office furniture and equipment	6,480,674	-0-	-0-	6,480,674
Equipment acquired under capital leases	10,537,258	-0-	-0-	10,537,258
Tenant Improvements	217,980	5,864	-0-	223,844
Accumulated depreciation	(31,010,586)	(2,745,221)	-0-	(33,755,807)
Net fixed assets	<u>\$ 85,871,564</u>	<u>\$ 53,109,634</u>	<u>\$ 35,936,788</u>	<u>\$ 103,044,410</u>

NOTE 6 - INVESTMENTS:

Investments consist of the following:

Short-term investments	\$ 4,403,886
Certificates of deposit	1,559,092
Bond reserves	<u>3,140,808</u>
Total	<u>\$ 9,103,786</u>

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 7 - RECEIVABLES:

Receivables consist of the following:

Accounts receivable	3,880,024
Grants receivable	527,756
Due from affiliates	304,754
Tenant receivables	491,092
Suspense receivables	<u>98,025</u>
Total	<u>\$5,301,651</u>

Due from affiliates represents amounts due from the University of New Orleans and University of New Orleans Foundation.

NOTE 8 - AMOUNTS HELD IN CUSTODY FOR OTHERS:

Amounts held in custody for others consist of security deposits from building tenants. The tenants are required to pay a security deposit at the beginning of their lease. At June 30, 2008, security deposits totaled \$42,717.

**UNIVERSITY OF NEW ORLEANS**  
**RESEARCH AND TECHNOLOGY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS:**

The estimated fair value of all significant instrument amounts have been determined by the Foundation using available market information and appropriate valuation methodologies. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash and cash equivalents and deposits with trustees - **The Foundation** considers the carrying amounts of these financial instruments to be fair value.
- Equipment reimbursement receivable - **The Foundation** considers the carrying amount of the financial instrument to be fair value.
- Investments - The fair value for federal mortgage notes equals the related cost plus amortized discount.
- Bonds Payable and Notes Payable - The fair value was estimated using rates currently available for debt with similar terms and remaining maturities.

The carrying value and estimated fair values of **the Foundation's** financial instruments at June 30, 2008 are as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>
Cash and cash equivalents	\$2,837,418	\$2,837,418
Accounts receivable	3,880,024	3,880,024
Grants receivable	527,756	527,756
Due from affiliates	304,754	304,754
Other receivables	630,813	630,813
Investments	9,103,786	9,103,786
Bonds payable	39,853,761	39,853,761
Notes payable	7,770,544	7,770,544
Interest payable	1,023,728	1,023,728

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 10 - NOTES PAYABLE:

On October 19, 1999, the Foundation entered into a Construction Loan Agreement in the amount of \$1,500,000 with the Louisiana Public Facilities Authority. The loan bears no interest with the first annual payment due October 1, 2000 and continuing through October 1, 2014. The payments are conditioned upon the establishment of a \$500,000 operating reserve. At June 30, 2008 the operating reserve was not fully funded. Each annual payment shall be equal to 87.35% of the net cash flow relative to the Advanced Technology Center for the immediate preceding fiscal year. The unamortized discount relative to the note totaled \$369,445 at June 30, 2008, which is recorded as a reduction of the note payable and an increase in interest expense.

On October 19, 1999, the Foundation entered into a Loan Agreement with a local bank. The balance of the loan at June 30, 2008 was \$6,382,560. The loan bears an interest rate of 7.25% with an annual payment beginning in 2001 and continuing through April 19, 2026.

The following is a summary of notes payable at June 30, 2008:

Louisiana Public Facilities Authority	
Principal amount	\$ 1,387,984
Unamortized discount	<u>(369,445)</u>
Sub-total	<u>1,018,539</u>
Local bank	<u>6,382,560</u>
Total	<u>\$ 7,401,099</u>

At June 30, 2008, the current and non-current portion of notes payable totaled \$180,339 and \$7,220,760, respectively.

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 11 - BONDS PAYABLE:

On August 8, 2006, the Louisiana Public Facilities Authority issued \$38,500,000 of Louisiana Public Facilities Authority Revenue Bonds (Series 2005) to the Foundation. The proceeds of the bonds are being used for the financing, planning, design, construction, furnishing and equipping of resident facilities for use by the University of New Orleans, including all equipment, furnishings, fixtures and facilities incidental or necessary in connection therewith. The proceeds will also be utilized to pay the costs associated with the issuance of the bonds. The bond agreement provides for interest on the outstanding bonds at rates ranging from 3.75% to 5.25% per annum. The outstanding bonds, which were purchased at a premium and accrued interest, are required to be repaid as follows for the next five years and thereafter:

2009	\$ 135,000
2010	175,000
2011	215,000
2012	275,000
2013	340,000
2014-2037	<u>37,360,000</u>
	<u>\$ 38,500,000</u>

Bond funds totaling \$4,934,861 have been deposited with the bond trustee at June 30, 2008. The bonds were issued at a premium, which totaled \$1,400,442 at the bond issuance date. The premium will be amortized over the life of the bonds. The total amount of premium amortized during the year ended June 30, 2008 totaled \$46,681.

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 12 - GROUND LEASES:

On May 16, 1997, the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, acting on behalf of the University of New Orleans (the University) entered into a non-transferable ground lease agreement with the University of New Orleans Research and Technology Foundation, Inc. (the Foundation). The terms of the lease agreement provides that the University will lease a tract of approximately 4.57 acres of land that is located in Jefferson Parish to the Foundation who will in turn develop construct, maintain, operate, manage and lease improvements on such land for the purpose set forth in the Cooperative Endeavor Agreement. The lease agreement is for a term of fifty years with annual rent totaling \$100. At the expiration of the lease, the facilities and all furniture, fixtures, equipment and furnishings permanently affixed to the facilities shall become the property of the University.

On December 1, 1997, the University entered into a non-transferable ground lease agreement with the Foundation. Such agreement was amended on October 1, 1999. The terms of the lease agreement and related amendment provide that the University will lease a tract of approximately 30 acres of certain lakefront property and three acres of land on the University of New Orleans East Campus that are located in Orleans Parish to the Foundation who will develop, construct, maintain, operate, manage and/or lease improvements on such land. Prior to entering into the ground lease agreement with the Foundation, the University, the State of Louisiana and the U. S. Department of Commerce invested \$3,923,191 in the infrastructure of the site, which improved the Foundation's ability to sub-lease the property to tenants. The lease agreement is for a term of ninety-nine years with annual rent totaling \$10,000 provided however, that the rent payments will be offset dollar-for-dollar by property operating expenses paid for by the Foundation.



UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 13 - PROPERTY, FACILITY AND EQUIPMENT LEASE AGREEMENTS:

UNO/Avondale Maritime Technology Center of Excellence

On May 16, 1997, **the Foundation** and Avondale Industries, Inc. entered into a sub-lease agreement which provides for Avondale Industries, Inc. to lease from **the Foundation**, the land located in Jefferson Parish together with the facilities to be constructed on the land, the facility equipment and the right of uninterrupted access to and from all streets and roads adjoining the land.

The terms of the sub-lease agreement during the first twelve years (1997-2008) provides for Avondale Industries, Inc. to pay as rental the sum of \$100,000 per year by September 1 of each year provided that the State has made the annual appropriation provided for in the Cooperative Endeavor Agreement. Beginning September 1, 2009 and for each year thereafter during the term of the sub-lease, rent in the amount of \$100,000 is due and payable by September 1<sup>st</sup> of each year without regard to the State Appropriation.

Information Technology Center

On January 15, 1998, April 14, 1999 and on July 3, 2000, **the Foundation** entered into a sub-lease agreement and amended lease modifications, respectively with the United States of America (the Government) to lease from **the Foundation**, approximately 300,000 square feet of administrative space, 700 hard surface parking spaces, and 15.71 acres of land located at the University of New Orleans Research and Technology Park. The terms of the facility lease agreement provide that the Government will have and hold the noted facility for the term beginning on the date of completion of the facility for an initial ten year term with fifteen individual one year renewal terms with the annual rent for the premises and maintenance services of \$1.00 and \$2,253,360, respectively.

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

---

NOTE 14 - RELATED PARTY TRANSACTION:

University of New Orleans Foundation

The University of New Orleans Foundation provides certain payroll management functions, as well as office space, meeting space, utilities, and use of all office furniture and equipment to **the Foundation** for a nominal monthly fee. **The Foundation** has paid \$449,619 to the University of New Orleans Foundation for the aforementioned services.

NOTE 15 - CONTINGENCY:

The City property tax assessor has assessed **the Foundation** with real estate property taxes, interest and penalties for certain buildings owned by **the Foundation** in the total amount of \$4,746,877 as of August 2004. **The Foundation** believes that it is entitled to property tax exemptions under present law and jurisprudence due to its non-profit status and due to the use of these buildings to further the non-profit goals of **the Foundation**. **The Foundation** is engaged in ongoing discussions with the assessor. **The Foundation** has begun litigation proceedings regarding this matter. Although, **the Foundation** believes that it has adequate defenses against the assessment, if not successful, the assessment, interest and penalties may have a significant impact on the financial condition of **the Foundation**. **The Foundation's** counsel is unable to predict the eventual outcome of this matter or the potential loss contingencies, if any, to which **the Foundation** may be subject. However, in order to begin litigation, **the Foundation** has paid \$98,025 in protest of the property tax assessment.

## **SUPPLEMENTARY INFORMATION**



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**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

To the Board of Directors  
University of New Orleans  
Research and Technology Foundation, Inc.  
New Orleans, Louisiana

Our report on our audit of the financial statements of the **University of New Orleans Research and Technology Foundation, Inc. (the Foundation)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The other supplementary information which is prepared in accordance with accounting principles generally accepted in the United States of America and is not a required part of the financial statements has also been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

August 22, 2008

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Or Other Number</u>	<u>Pass-Through Entity's Number</u>	<u>Activity</u>
<u>U.S. National Aeronautics and Space Administration</u>			
<u>Research and Development Cluster</u>			
<u>Direct Awards</u>			
The Development of Innovative Advanced Composite Manufacturing Technologies	43.NCCC8223		\$ <u>814,156</u>
<b>Total U.S. National Aeronautics and Space Administration</b>			<u>814,156</u>
<u>U.S. Environmental Protection Agency</u>			
<u>Research and Development Cluster</u>			
<u>Direct Award</u>			
Lake Pontchartrain Basin Restoration Program	66.X976433010		<u>2,125,795</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>2,125,795</u>
<b>Total Expenditures of Federal Award</b>			<u>\$ 2,939,951</u>

**UNIVERSITY OF NEW ORLEANS**  
**RESEARCH AND TECHNOLOGY FOUNDATION, INC.**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

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NOTE 1 - Basis of Accounting:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **the Foundation** and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profits Organization*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

NOTE 2 - Sub-recipients:

Of the federal expenditures presented in the Schedule, **the Foundation** provided \$2,814,585 to various sub-recipients under the various grant awards during the year ended June 30, 2008.

## **OTHER SUPPLEMENTARY INFORMATION**

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2008

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 2,837,418
Investments	5,962,978
Accounts receivable, net	5,301,651
Other current assets	465,265
Total current assets	<u>14,567,312</u>

**Noncurrent Assets**

Investments	3,140,808
Capital assets, net	103,044,410
Prepaid Bond Insurance Expense	567,286
Cost of Bond Issuance	492,772
Non-current receivables	41,696
Total noncurrent assets	<u>107,286,972</u>
Total assets	<u>121,854,284</u>

**LIABILITIES**

**Current Liabilities**

Accounts payable and accrued liabilities	7,497,460
Due to other campuses	-
Due to State Treasury	-
Due to Federal Government	-
Deferred revenues	3,070
Amounts held in custody for others	42,717
Compensated absences payable	-
Capital lease obligations	-
Claims and litigations	-
Interest Payable	1,023,728
Notes payable	180,339
Contracts payable	-
Bonds Payable	135,000
Other current liabilities	24,714
Total current liabilities	<u>8,907,028</u>

**Noncurrent Liabilities**

Amounts held in custody for others	-
Compensated absences payable	-
Capital lease obligations	-
Claims and litigations	-
Bonds payable, net	39,718,761
Notes payable, net	7,220,760
Total noncurrent liabilities	<u>46,939,521</u>

**Total Liabilities**

55,846,549

**NET ASSETS**

Invested in capital assets, net of related debt	55,789,550
Unrestricted	10,218,185
Total Net Assets	<u>\$ 66,007,735</u>



UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2008

---

**OPERATING REVENUES**

Gifts received by the foundations	\$ -
Federal grants and contracts	2,939,951
State and local grants and contracts	3,868,138
Nongovernmental grants and contracts	-
Other operating revenues	9,672,083
<b>Total operating revenues</b>	<u>16,480,172</u>

**OPERATING EXPENSES**

Other operating expenses	<u>3,964,127</u>
<b>Total operating expenses</b>	<u>3,964,127</u>
<b>Operating income (loss)</b>	<u>12,516,045</u>

**NONOPERATING REVENUES AND (EXPENSES)**

Net investment income (loss)	418,478
Interest expense	(2,436,636)
Payments to or on behalf of the university	<u>(7,338,236)</u>
<b>Net nonoperating revenues (expenses)</b>	<u>(9,356,394)</u>
<b>Income before other revenues, expenses, gains, and losses</b>	<u>3,159,651</u>

Capital appropriations	-
Capital gifts and grants	-
Additions to permanent endowments	<u>-</u>
Other additions, net	<u>-</u>
Extraordinary item - loss on impairment of capital assets	<u>-</u>
<b>Increase (decrease) in net assets</b>	<u>3,159,651</u>

<b>Net assets at beginning of year, restated</b>	<u>62,848,084</u>
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<b>Net assets at end of year</b>	<u><u>\$ 66,007,735</u></u>
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**UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION  
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION**

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**ORGANIZATION**

The University of New Orleans Research and Technology Foundation is a legally separate, tax-exempt organization supporting the LSU System, specifically the following campus: *University of New Orleans*. This foundation was included in the university's financial statements because its assets equaled 3% or more of the assets of the university system it supports.

During the year ended June 30, 2008, the University of New Orleans Research and Technology Foundation made distributions to or on behalf of the university for both restricted and unrestricted purposes in the amount of \$7,338,236.

Complete financial statements for the University of New Orleans Research and Technology Foundation can be obtained from: 2000 Lakeshore Drive, New Orleans, Louisiana, 70148

The University of New Orleans Research and Technology Foundation is a nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the foundation's financial information in the university's financial report for these differences.

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION  
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL ASSETS

	Balance 6/30/2007	Prior Period Adjustment	Restated Balance 6/30/2007	Additions	*Transfers	**Retirements	Balance 6/30/2008
Capital assets not being depreciated							
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-depreciable land improvements	258,573	-	258,573	-	-	-	258,573
Capitalized collections							-
Livestock							-
Construction in progress	21,305,097		21,305,097	19,893,808	(35,936,788)		5,262,117
Total capital assets not being depreciated	\$ 21,563,670	\$ -	\$ 21,563,670	\$ 19,893,808	\$ (35,936,788)	\$ -	\$ 5,520,690
Depreciable land improvements	217,980		217,980	5,864			223,844
** Less accumulated depreciation	(40,269)	-	(40,269)	(51,943)			(92,212)
Total land improvements	177,711	-	177,711	(46,079)	-	-	131,632
Buildings	78,082,568		78,082,568	35,955,183	-		114,037,751
** Less accumulated depreciation	(13,986,196)	-	(13,986,196)	(2,682,312)			(16,668,508)
Total buildings	64,096,372	-	64,096,372	33,272,871	-	-	97,369,243
Equipment	17,017,932		17,017,932	-			17,017,932
** Less accumulated depreciation	(16,984,121)		(16,984,121)	(10,966)			(16,995,087)
Total equipment	33,811	-	33,811	(10,966)	-	-	22,845
Total other capital assets	\$ 64,307,894	\$ -	\$ 64,307,894	\$ 33,215,826	\$ -	\$ -	\$ 97,523,720
Capital Asset Summary:							
Capital assets not being depreciated	\$ 21,563,670	\$ -	\$ 21,563,670	\$ 19,893,808	\$ (35,936,788)	\$ -	\$ 5,520,690
Other capital assets, at cost	95,318,480	-	95,318,480	35,961,047	-	-	131,279,527
Total cost of capital assets	116,882,150	-	116,882,150	55,854,855	(35,936,788)	-	136,800,217
Less accumulated depreciation	(31,010,586)	-	(31,010,586)	(2,745,221)	-	-	(33,755,807)
Capital assets, net	\$ 85,871,564	\$ -	\$ 85,871,564	\$ 53,109,634	\$ (35,936,788)	\$ -	\$ 103,044,410

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION  
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF BONDS, NOTES PAYABLE, AND OTHER LIABILITIES

	Balance June 30, 2007	Additions	Reductions	Balance at June 30, 2008	Amounts due within one year
<b>Bonds &amp; notes payable:</b>					
Bonds payable	\$ 38,500,000	\$ -	\$ -	\$ 38,500,000	\$ 135,000
Notes payable**	7,482,537	84,951	166,389	7,401,099	180,339
Total bonds, notes and capital leases	45,982,537	84,951	166,389	45,901,099	315,339
<b>Other liabilities:</b>					
Amounts held in custody for others	58,154	6,299	21,736	42,717	42,717
Total other liabilities	58,154	6,299	21,736	42,717	42,717
Total long-term liabilities	\$ 46,040,691	\$ 91,250	\$ 188,125	\$ 45,943,816	\$ 358,056

\*\*One of the notes payable is a noninterest bearing note, which resulted in a discount being recorded and amortized annually. The total amount amortized during the year ended June 30, 2008 totaled \$84,951.

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION  
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF BONDS PAYABLE:

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/07	(Redeemed) Issued	Principal Outstanding 6/30/08	Interest Rates	Interest Outstanding 6/30/08
Louisiana PublicFacilities Authority Revenue Bonds-							
Student Housing Project	8/8/06	<u>38,500,000</u>	-	<u>38,500,000</u>	<u>38,500,000</u>	3.75% to 5.25%	\$ 654,283
Total		\$ 38,500,000	\$ -	\$ 38,500,000	\$ 38,500,000		\$ 654,283

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION  
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF NOTES PAYABLE:

	Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/07	(Redeemed) Issued	Principal Outstanding 6/30/07	Interest Rates	Interest Outstanding 6/30/08
Louisiana Public Facilities Authority		10/19/99	1,500,000	\$ 1,387,984	\$ -	\$ 1,387,984	0.00%	\$ -
LPFA Unamortized Discount ***				\$ (454,396)	\$ 84,951	\$ (369,445)		
Whitney Bank		10/19/99	7,350,000	6,548,949	(166,389)	6,382,560	7.25%	14,139
Total			\$ 8,850,000	\$ 7,482,537	\$ (81,438)	\$ 7,401,099		\$ 14,139

\*\*\*The LPFA note payable is a noninterest bearing note, which resulted in a discount being recorded and amortized annually.  
The total amount amortized during the year ended June 30, 2008 totaled \$84,951.

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION  
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

---

**SCHEDULE OF BOND AMORTIZATION:**

<b>Fiscal Year</b>			
<b><u>Ending</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2009	135,000	1,962,849	2,097,849
2010	175,000	1,957,449	2,132,449
2011	215,000	1,950,886	2,165,886
2012	275,000	1,942,824	2,217,824
2013	340,000	1,931,824	2,271,824
2014	405,000	1,918,224	2,323,224
2015	480,000	1,897,974	2,377,974
2016	550,000	1,878,174	2,428,174
2017	625,000	1,855,074	2,480,074
2018	705,000	1,828,511	2,533,511
2019	785,000	1,797,844	2,582,844
2020	870,000	1,763,500	2,633,500
2021	970,000	1,717,825	2,687,825
2022	1,075,000	1,666,900	2,741,900
2023	1,180,000	1,610,463	2,790,463
2024	1,295,000	1,548,513	2,843,513
2025	1,415,000	1,480,525	2,895,525
2026	1,540,000	1,406,238	2,946,238
2027	1,675,000	1,325,388	3,000,388
2028	1,815,000	1,237,450	3,052,450
2029	1,980,000	1,142,163	3,122,163
2030	2,085,000	1,038,213	3,123,213
2031	2,190,000	928,750	3,118,750
2032	2,305,000	813,775	3,118,775
2033	2,415,000	704,288	3,119,288
2034	2,545,000	577,500	3,122,500
2035	2,675,000	443,888	3,118,888
2036	2,815,000	303,450	3,118,450
2037	2,965,000	155,656	3,120,656
<b>TOTAL</b>	<b><u>\$ 38,500,000</u></b>	<b><u>\$ 40,786,118</u></b>	<b><u>\$ 79,286,118</u></b>

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
NOTES TO OTHER SUPPLEMENTARY INFORMATION

**SCHEDULE OF NOTES PAYABLE AMORTIZATION**

<b>Fiscal Year</b>			
<b><u>Ending</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2009	180,339	542,056	722,395
2010	194,051	520,666	714,717
2011	208,803	502,642	711,445
2012	223,522	483,035	706,557
2013	241,677	460,342	702,019
2014	1,278,592	411,647	1,690,239
2015	279,826	363,739	643,565
2016	300,159	343,406	643,565
2017	323,925	319,640	643,565
2018	348,554	295,011	643,565
2019	375,056	268,508	643,564
2020	409,821	240,644	650,465
2021	434,209	209,355	643,564
2022	467,224	176,340	643,564
2023	502,950	140,815	643,765
2024	540,712	102,852	643,564
2025	582,068	61,476	643,544
2026	<u>509,611</u>	<u>17,574</u>	<u>527,185</u>
<b>TOTAL</b>	<b><u>\$ 7,401,099</u></b>	<b><u>\$ 5,459,748</u></b>	<b><u>\$ 12,860,847</u></b>





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REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
**University of New Orleans**  
**Research and Technology Foundation, Inc.**  
New Orleans, Louisiana

We have audited the financial statements of the **University of New Orleans Research and Technology Foundation, Inc. (the Foundation)** as of and for the year ended June 30, 2008, and have issued our report thereon dated August 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **University of New Orleans Research and Technology Foundation, Inc.**'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **University of New Orleans Research and Technology Foundation, Inc.**'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **University of New Orleans Research and Technology Foundation, Inc.**'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the Foundation's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

This report is intended solely for the information and use of management, the Board of Directors, others within **University of New Orleans Research and Technology Foundation, Inc.**'s management and the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

*Bruno & Tervalon LLP*  
BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS

August 22, 2008



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Alcida J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

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To the Board of Directors  
University of New Orleans  
Research and Technology Foundation, Inc.  
New Orleans, Louisiana

Compliance

We have audited the compliance of **University of New Orleans Research and Technology Foundation, Inc. (the Foundation)** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2008. **The Foundation's** major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to major federal program is the responsibility of **the Foundation's** management. Our responsibility is to express an opinion on **the Foundation's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards; issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **the Foundation's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **the Foundation's** compliance with those requirements.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

Compliance, Continued

In our opinion, **the Foundation** complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The management of **the Foundation** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **the Foundation's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

This report is intended solely for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Bruno & Tervalon LLP*  
BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS

August 22, 2008

UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2008

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**SCHEDULE I - Summary of the Independent Auditors' Results**

1. Type of report issued on the financial statements. **Unqualified Opinion.**
2. Did the audit disclose any material weaknesses in internal control over financial reporting? **No.**
3. Did the audit disclose any significant deficiencies in internal control over financial reporting that are not considered to be material weaknesses? **No.**
4. Did the audit disclose any noncompliance which is material to the financial statements of the organization. **No.**
5. Did the audit disclose any material weaknesses in internal control over major Federal programs? **No.**
6. Did the audit disclose any significant deficiencies in internal control over major programs that are not considered to be material weaknesses? **None reported.**
7. Type of report issued on compliance for major programs. **Unqualified.**
8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a). **No.**
9. The following is an identification of major programs:

CFDA or  
Contract Number

Various

Name of  
Federal Program

Research and Development  
Cluster

**UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2008**

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**SCHEDULE I - Summary of the Independent Auditors' Results, Continued**

10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(b) was \$300,000.
11. Did the auditee qualify as a low risk auditee under OMB Circular A-133, Section 530.  
No



**UNIVERSITY OF NEW ORLEANS  
RESEARCH AND TECHNOLOGY FOUNDATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**SCHEDULE II - Financial Statement Findings**

None noted.

**SCHEDULE III -Federal Awards Findings**

None noted.